

**Memorandum of the Meeting
Regular (Rescheduled) Study Session/Meeting
Twenty-Eighth Town Council of Highland
Monday, January 23, 2017**

The regular (rescheduled) study session of the Twenty-Eighth Town Council of the Town of Highland was convened at the special place, the Lincoln Community Center, 2450 Lincoln Street, Highland, Indiana, in the multi-purpose room on **Monday, January 23, 2017** at the time of 7:00 o'clock p.m.

Silent Roll Call: Councilors Bernie Zemen, Mark A. Herak, Dan Vassar, Steve Wagner and Konnie Kuiper were present. A quorum was attained. The Clerk-Treasurer Michael W. Griffin was present to memorialize the proceedings.

The following were also present:

Greg Kuzmar, Bill Leep, Dominic Noce and Ed Dabrowski of the Redevelopment Commission, were present. Kathy De Guilio-Fox of the Redevelopment Commission, delayed owing to a prior commitment, joined the meeting after its start.

Dawn Diamantopoulos, Michael Maloney, Keith Bruxvoort, Dan Dunn and Matt Domasica of the Town Theater, Inc., Board of Directors, were present.

Patrick Krull and Robert Kuva of the Highland School Board of Trustees; and Carlos Aburto of the Highland Park and Recreation Board were also present.

John Morris, AIA, President, Morris Architects Planners, Chicago, Illinois; and Steven Libman, President, The Libman Group, Arts Management Consulting, Carmel, Indiana, both of whom are engaged by the Redevelopment Commission, were present.

Rhett L. Tauber, Town Attorney; Pete Hojnicki, Metropolitan Police Chief; Pat Vassar, Assistant Metropolitan Police Chief; William R. Timmer, Jr., CFOD, Fire Chief; and Alex M. Brown, CPRP, Parks and Recreation Superintendent of Parks and Recreation were also present.

General Substance of Matters Discussed or Proposed

1. *Information Gathering Session and Presentation Regarding the Proposed Town Theater Redevelopment Project.* Town Council President Dan Vassar welcomed everyone and introduced the members of the Town Council, the Clerk-Treasurer, the Redevelopment Commission and the Town Theater Board of Directors who were present. He also noted those who could not attend or would be delayed owing to conflicts in scheduling.

The Town Council President explained that the study session was dedicated to the sole topic of the proposed Town Theater Redevelopment Project. The Town Council President explained that the meeting was convened in the Lincoln Community Center in order to accommodate public and visitor attendance believed to significant owing to the high public interest. (*Scrivener's note: The multipurpose room/banquet hall was full.*)

The Town Council President further explained that first, the consultants would present a briefing on the proposed reconstruction of the Town Theater and a business plan for a proposed operating plan. The Clerk-Treasurer would present a concept for financing and estimated property tax impact received. The Town Council President further indicated that the Town Council and other officials present would be allowed to pose questions related to the presentation. Once completed, the Town Council would depart from the usual convention and allow public inquiry and comment related to the proposed project.

Finally, the Town Council President

- *Presentation on the proposed Reconstruction.* Mr. John Morris, AIA, of Morris Architects Planners, assisted by graphic display explained the proposed design that informed the specifications upon which bids for construction were received by the Redevelopment Department. It was noted that no award had been made. Conceptual drawings were also on display for review by those in attendance. He described the objective of reconstructing a facility that would support cinema, live performance and would provide some meeting space. The outside would try to retain some of the distinguishing features of the Town Theater while adding new LED displays.
- *Presentation of an Operating Plan and Budget for the Theater and Rationale for its retrofit and reconstruction.* Mr. Steven Libman, of The Libman Group, LLC, assisted by graphic display presented a plan for the programming and operations of the theater, noting it would not compete with multiplexes but would offer niche movies, rather than first run films. He suggested that films should feature American Classic, Independents, Foreign, the Great American Songbook, Film Noir, Documentary, Academy Award winning films before a particular year and short subjects.

Mr. Libman further noted that the venue could program live performances of small music groups, poetry readings, comedy and other types of events supported by partnering with Chicago organizations.

He demonstrated an operating budget that proposed to be incrementally developed, with an initial six months plan, and successive yearly plans spanning three years. The funding as described in his plan would come from fees and charges from programming (events), sponsorships and major donors or patrons, and refreshment sales. He further noted that overhead would be conserved by relying on volunteers to perform certain support functions. *(The Report to the Highland Redevelopment Commission for the Town Theatre Project is on file with the Redevelopment Department.)*

Mr. Libman explained that the rationale for this project was to be a catalyst for greater economic development, community development, existing business retention and new private investment that is induced and encouraged from the activity associated with the Town Theater. Further, it was noted that the project would serve to rehabilitate the aesthetic of its location on the Kennedy Avenue corridor as well. It would align with the redevelopment plan for the area of developing an arts district too.

- *Presentation of Capital Plan and Property Tax Impact.* The Town Clerk-Treasurer noted he was asked to prepare a prospective capital-financing plan and to estimate the property tax impacts from the financing of the project. He presented the following illustrations:

Tax Impact	
AV	\$ 1,059,671,706.00
Bond Total	\$ 2,229,743.00
Years	<u>20</u>
Principal	\$ 75,802.88
Interest	\$ 79,260.13
4%	
LEVY	\$ 174,141.65
RATE	0.0164

It was noted that the above example used level debt service and added an amount to accommodate the 18-month budget period for tax supported debt service. It was noted that level principal would likely be used in final amortization.

PROJECT BUDGET

Expenditure

Bid	\$	2,979,743.00
Issuance costs	\$	35,000.00
Contingency	\$	<u>200,000.00</u>
	\$	3,214,743

Resources

Grant	\$	50,000.00
Econ LIT	\$	50,000.00
DOWNTOWN ALLOCATION AREA REDEVELOPMENT CAPITAL FUND	\$	<u>500,000.00</u>
	\$	315,000.00
SUBTOTAL	\$	915,000.00

REDEVELOPMENT BONDS	\$	2,299,743.00
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TOTAL	\$	<u><u>3,214,743.00</u></u>
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This illustrated the possible tax impact on a House valued at \$150,000 using the FY 2016 Net Assessed Valuation. It forecast an annual cost of \$8.63 on the bill.

House

	\$	150,000.00	
	\$	<u>45,000.00</u>	Deduction
	\$	105,000.00	
Supplemental	\$	<u>52,500.00</u>	0.35
	\$	52,500.00	
Tax Impact	\$	8.63	
Circuit Breaker Barrier	\$		1,500.00
PTRC COIT			

The Clerk-Treasurer also provided an illustration employing a diversified repayment method, using special taxing district bonds with contributions of tax increment from the Highland Downtown Allocation Area. He provided examples with employing \$50,000 and \$100,000 of tax increment toward the repayment of the debt and its effect on tax rate.

METHOD of REPAYMENT

TAX LEVY	\$	174,141.65
Rate		0.0164
Annual cost \$150k hou:		8.63
<i>While not fully discussed by the responsible policy bodies, the tax levy could be further reduced by blending tax increment from the existing allocation area</i>		
TAX LEVY	\$	124,141.65
Tax Increment	\$	50,000.00
Rate		0.0117
Annual cost \$150k hou:	\$	6.15
TAX LEVY	\$	74,141.65
Tax Increment	\$	100,000.00
Rate		0.007
Annual cost \$150k hou:	\$	3.67

Comments and Questions

- Councilor Bernie Zemen inquired whether there was a construction or project manager included in the project. It was noted that there was not one distinctly but it was hoped that the architect would serve that function.

Councilor Zemen also asked about the consequences of low attendance or insufficient crowds to attend. Mr. Libman indicated that the low overhead would still allow money to be made.

Councilor Zemen asked about competing with other movie houses. It was noted that the type of films that should be used would be a niche' type and appeal to different audience.

Councilor Zemen noted in nearby communities that there were big business donors who supported the theater. He did not think there was donors that size in Highland. It was suggested that some of the overhead costs that those donors cover is offset with dedicated volunteers in the current project.

- Councilor Herak asked if as bid at the prices shown would the facility be ready to go or would additional equipment be needed. It was suggested that it would be ready except for perhaps a popcorn machine.

Councilor Herak asked about the sufficiency of parking. Redevelopment Commissioner Kuzmar indicated that there were 171 parking spaces in the block, of which 28 spots were identified in the former theater lot across the street, and 96 along Condit and Kennedy Avenue.

Councilor Herak indicated that he found the financial position of the Joliet Arts Center and the Munster Center for the Performing Arts to be in an operating loss position. Councilor Herak inquired why that experience would not inform the proposed project.

Mr. Libman asked about whether the impression of the financial positions of those places was based upon information found in the Forms 990's filed by them as nonprofits. Mr. Libman indicated that his operating example based on a short year and three years incrementally was conservative and was sustainable for this project.

Councilor Herak asked about the disposition of the Town Theater if after three years the plan did not bear out. Mr. Libman abjured the notion that it would not work but indicated that the property would have value and if desired could be sold.

Councilor Herak also inquired about the absence of any governmental contribution to the operating model. Mr. Libman noted that other similar projects have some contribution but that in this particular model it was not proposed.

Councilor Herak also inquired about the sustainability of the Allocation Area increment as an offset for the bond repayment. The Clerk-Treasurer noted that it averages \$100,000 annually and as new development would be attracted to the corridor, the allocation area would capture more increment.

- Councilor Wagner asked whether the construction manager was budgeted. Mr. Morris indicated that the project would depend upon the General Contractor. It was further noted that as architect he would be reviewing too. Councilor Wagner expressed concern about the adequacy of the construction oversight operating in the interest of the municipality.
- Councilor Kuiper inquired in the event that the project did not succeed, who would be liable for the unpaid bills that may remain. Mr. Libman indicated that he did not think that would be an issue for the capital portion of the project.

On the operational side, the Town Theater Board would be responsible and would monitor the costs sufficiently that this should not be a possible issue. He further indicated that the Board could take steps to reduce costs as well to sustain the operation. He further indicated that the operating liability would rest with the Town Theater Board of Directors.

- Council President Vassar asked potential volunteers to stand up who were present in the meeting. He also noted that the meeting was part of the Town's due diligence regarding the project.

The Council President Vassar then announced that the Town Council would invite public comment or questions. He offered the basis rubric for speaking and noted that there were two microphones behind, which persons wishing to pose a question or comment should be lined up. The following persons commented or questioned:

Public Comments and Questions

1. Tom Black, 3515 Garfield Avenue, Highland, thanked the Town Council for hosting the public forum on the Town theater project. Mr. Black cautioned that before moving forward he hoped that the Town Council would be sure to have the money to support the project.
2. Barry Halgrimson, 212 Sunset, Munster, Indiana expressed support for the project.
3. Rick Volbrecht, 9221 Parkway Drive, Highland, expressed caution over the combined outstanding overlapping debt of the Town as a taxing district. He opposed the project.
4. Jerry Paucak, 3116 Lakeside Drive, Highland, expressed reservations regarding the project as presented.

5. Kathy Kwasny, 97th Place near Delaware in Lakeside subdivision, Highland, shared her experience with the success of a similar theater renovation project in Logansport.
6. Terry Fuqua, 3042 LaPorte Street, Highland, cautioned that movie ticket sales are declining. Mr. Fuqua spoke in opposition to the project.
7. David McAvoy, 3101 Lakeside Drive, Highland, opposed the project.
8. Tom Byelick, 7515 _____ Hammond and Michelle Fiskol, 8785 Monroe, Munster, expressed support for the project. Mr. Byelick produces the Tomfoolery Show.
9. Ted Oberc, 2704 Lincoln Street, Highland, questioned whether the depicted operating budget captured all the likely operating costs. He also expressed reservations about proceeding without a construction manager.
10. Brendan Dananay, 2735 North Drive, Highland, noted that he was a member of the Highland Explorers group and supported the project.
11. Carmen Torres, 2644 E. 37th Street, Highland, spoke in favor of the project and identified as a volunteer.
12. Kimberly Giannini, 10123 Winfield Drive, Munster, spoke in support of the project.
13. Lewis Fuqua, 3850 Jewett Street, Highland, spoke in opposition and questioned the adequacy of the parking.
14. C. Schiller, 10350 Prairie Avenue, Highland, noted membership in Explorers and spoke in support of the project.
15. Tracy Opera, 8424 Delaware Place, Highland, spoke in support of the project.
16. _____, 2922 Norman Street, Highland, identified as an Explorer and spoke in favor of the project.
17. Robert Maxwell, 2760 Hillcrest Drive, Dyer, Indiana, spoke in support of the project.
18. Kathy Pena, 8919 Waymond Avenue, Highland, spoke in favor of the project.
19. Rodney Fozkos, 9341 Parkway Drive, Highland, expressed “cautious optimism” but advised that parking needed to be addressed.
20. Pat Popa, 8636 2nd Street, Highland, spoke in favor of the project as a resident and as a business owner.
21. Larry Kondrat, 8115 4th Place, Highland, asked about possible increases in cost of operation of the Theater over time. Mr. Kondrat expressed reservations about the project.
22. Dillon Root, 9826 Kennedy Avenue, Highland, spoke in favor of the project.
23. Doug Vanramshorst, 3236 Garfield Avenue, Highland, spoke in favor of the project.
24. David Allison, 3322 Garfield Avenue, Highland, identified himself as President of the Explorers group, and spoke in favor of the project. He noted that the explorers would be a source of volunteers.
25. Lisa Villarreal, 2725 Garfield Avenue, Highland, expressed concern about the adequacy of parking for the project.

26. Allison _____, 2003 Port De L'eau Court, Highland, spoke in favor of the project.
27. Amber Smith, 3515 Garfield Avenue, Highland, indicated that she favored the Theater but opposed the project.
28. Andy Pierce, Hegwich, Illinois, identified as the District Director for Exploring at the Calumet Council of the Boy Scouts of America. He acknowledged the numbers of young people and Explorers who were present. He noted that while he lives in Illinois, his family "does things over here." He spoke in support of the project.
29. Manuel Soto, 3626 Lincoln Street, Highland, spoke in favor of the project.
30. Erica Dananay, 2735 North Drive, Highland, identified herself as an adult advisor to the Explorers and spoke in favor of the project.
31. Katie Holderby, CDME, Executive Vice President of the South Shore Convention and Visitors Authority, suggested that the single most visited link on the agency website is what to do. She suggested nearby synergies that would positively affect the Theater project.
32. Kevin Kline, 9904 Redbud Drive, Munster, spoke in favor of the project.
33. Victor Garcia, 2948 10th Street, Highland, spoke in favor of the project.
34. Richard Kuzmar, 3139 Lakeside Drive, Highland, spoke in favor of the project.
35. Judy Caddick, 8796 St. James Place, Highland, spoke in favor of the project.
36. Laurel Roach, 9026 Price Place, Highland, spoke in favor of the project.
37. Andrew Slager, 2252 Ridge Road, Highland, cautioned that the project could be a losing proposition without Federal or other exogenous funds.
38. Carol Parker, 9506 Hook Street, Highland, questioned whether the local government should be doing the project.
39. Joe Rhoades, 3136 Maple Drive, Highland, spoke in opposition to the project.
40. Philip Meyer, 2715 40th Street, Highland, spoke in opposition.
41. Kurt Stirling, 2803 Highway, Apt. 200, Highland, expressed concern about the project without providing greater security to the area.
42. Cary Stirling, 9405 Forrest, Highland, spoke in opposition to the project.
43. Julie Larson, 3727 41st Lane, Highland, spoke in favor of the project and suggested that the Highland Main Street Board could assist with fundraising.
44. Terry Fuqua, 3042 LaPorte, Highland, offered additional comments in opposition to the project.
45. Dillon Root, 9826 Kennedy Avenue, Highland, offered additional comments in support of the project.
46. Larry Kondrat, 8115 4th Place, Highland, offered additional comments in opposition to the project.

47. David Allison, 3322 Garfield Avenue, Highland, President of the Explorers group, offered additional comments in support of the project.
48. Nina Wright, 9541 Fifth Street, Highland, asked whether money dedicated to the project could have a better alternative use such as infrastructure. Ms. Wright was advised that there were other financing resources that could address infrastructure for water and sewer and they were not adversely affected by this project.
49. Lewis Fuqua, 3859 Jewett Street, Highland, offered additional comments in opposition to the project and suggested that the panel was not answering all the questions posed.
50. Rachel Hibbard, 8606 Delaware Street, Highland, spoke in favor of the project.

The Town Council President noted that the public comment and inquiry portion of the meeting was ended. He asked the Town Council if there was any objection to placing the matter on the agenda for the Plenary Business meeting of the Town Council for Monday, January 30 for a vote on whether to allow the project to move forward. There was no objection and the Town Council President then asked the Clerk-Treasurer to place the matter on the forthcoming meeting agenda.

There being no further business necessary or desired to be discussed by the Town Council, the regular study session of the Town Council of **Monday, January 23, 2017**, was adjourned at 9:45 o'clock p.m.

Michael W. Griffin, IAMC/MMC/CPFA/CPFIM/CMO
Clerk-Treasurer